BANK RESTAURANT GROUP PLC

Report and Accounts

31 October 2002

REGISTERED NO. 4026693

Contents

Directors and Advisors

Directors
L G Collins
C C Delteil
C G G Smith
A M H Tonks
A D Allan

Secretary
C G G Smith

Nominated advisor and nominated broker
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The Registry
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London EC3N 4LB

Auditors
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London SE1 7EU

Bankers
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15 – 19 Kingsway
London WC2B 6UN

Chairman's Statement

Introduction

31 October 2002 marked the end of a difficult year for economies world-wide following the shocking events of 11 September. The events that day served to further disrupt a position already weakened by the economic slowdown and the downturn in London tourism. We have not escaped the consequences of that disruption. Nevertheless, I am pleased to say that we have reduced overall losses over the previous year.

Results

The results for the year ended 31 October 2002 show a profit on ordinary activities pre the exceptional item, before taxation, depreciation and amortisation of goodwill of £194,000 (2001 £38,000). After deduction of goodwill amortisation of £150,000 (2001 £150,000) and depreciation of £424,000 (2001 £401,000), the net loss on ordinary activities before exceptional item for year ended 31 October 2002 was £380,000 (2001 £513,000). The exceptional item is further amortisation of goodwill and depreciation of fixed assets in accordance with the FRS 11 impairment review provisions. After this adjustment, the retained loss for the Year amounts to £2,380,000 (2001 £3,013,000).

The financial statements continue to be prepared on the going concern basis. During 2002 the Company did not meet the agreed schedule of principal repayments on its floating rate bank loan and accordingly agreed a new schedule of repayments with its bankers, including provision of funding for the new private dining facilities at Aldwych costing £120,000. The loan is now repayable on demand. On the basis of the Company's performance to date and current projections of cashflow, the directors consider that the Company will be able to meet the new schedule of loan repayments which were formalised early in March 2003.

Operational review

Bank restaurant management continues to concentrate on cutting costs and strengthening the Bank name through high profile promotions and activities.

Since the year end, Bank Aldwych has created a private dining room within the existing floorspace that will seat up to 30 people. It provides an intimate space for private functions within a busy bustling brasserie environment. It has been used for business breakfasts, wine tasting dinners and private parties.

Bank Westminster has established itself as the leading restaurant in the St James Park area and includes a highly successful private dining room. Zander Bar is in its third year of being one of the most popular and respected cocktail bars in London.

Bank Birmingham continues to grow and lead the Birmingham restaurant scene both in quality of food and service. The private rooms are still hugely popular for corporate function and private entertaining.

The BankCard loyalty swipe card scheme has been well received and has shown particular success with special events for card holders.

The future

The Company is performing in line with our current expectations and sales for the first three months to the end of January 2003 have shown an increase of over 2.5% on last year on a like for like basis. There is however some evidence of slightly weaker trading in the most recent few weeks. This is hardly surprising against the current news background. Thus whilst we believe we are trading well compared with many of our competitors, the environment remains challenging and, in the context of our current financial position, we must remain focused on improving performance, cutting costs, and remaining within our bank facilities.

Chairman's Statement

The directors are acutely aware of the problems associated with the Company's relatively small size for a publicly listed company in terms of both market capitalisation and overhead recovery from only three sites. The general economic outlook and the added uncertainty created by the possibility of war in Iraq, also make any short term forecasting particularly difficult. The directors will continue to assess all realistic options with a view to maximising shareholder value including proposals to either merge with other restaurant groups and/or raise funds to strengthen the existing balance sheet.

We continue to progress claims in connection with the original sale and purchase agreement for the acquisition of the signature restaurants in November 2000, particularly in regard to hire purchase liabilities.

Finally, I would like to thank our staff for their dedication and good spirit and our shareholders for their patience through this difficult period for the restaurant industry.

Leigh Collins
Chairman

14 March 2003

Directors' Report

The Directors present their report and accounts for the year ended 31 October 2002.

Results and dividends

The retained loss for the year after taxation amounted to £2,380,000.

The Directors do not recommend the payment of a dividend.

Review of the business, future developments and principal activities

The Company's principal activity is to operate large stylish brassiere type restaurants serving modern classic cuisine. A review of the business during the period ended 31 October 2002 and future developments are set out in the Chairman's Statement pages 3 and 4.

Directors, officers and directors' interests

The Directors, who served during the period, are as set out below:
L G Collins
C G G Smith
C C Delteil
A M H Tonks
A D Allan

The beneficial interests of the Directors in the Company's ordinary shares of 1p each, are set out below:

	As at 31 October 2002	As at 31 October 2001
L G Collins	400,000	400,000
C G G Smith	1,050,000	450,000
C C Delteil	500,000	500,000
A M H Tonks	2,000,000	2,000,000
A D Allan	2,000,000	2,000,000

The interests of the Directors in options to purchase shares in the Company are shown in note 5. As at 31 October 2002, the Directors held in aggregate 5,950,000 shares, representing 14% of the current issued ordinary capital.

A D Allan and C C Delteil are directors of Fish! plc from whose food preparation subsidiary, Cutty Catering Specialists Limited, the Company sourced its prepared meat and fish prior to administrators being appointed to Fish! plc on 3 July 2002.

There have been no changes in directors' holding since the Balance Sheet date.

Political and charitable contributions

The Company made no political or charitable contributions during the period.

Directors' Report

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employees

Bank Restaurant Group plc involves all its employees in its corporate objectives, plans, performance and on other relevant matters of interest to employees through various communications methods and regular Company meetings. The Company is an equal opportunity employer and does not discriminate in the recruitment and promotion of staff. All employees are included in the Company's bonus incentive plans also, if entitled to receive share options within the Company's share option scheme.

Substantial shareholdings

The Company had the following shareholdings amounting to 3% or more of the ordinary share capital of the Company as at 31 *October 2002 and* at 14 *March 2003.*

	Number of shares held	Percentage	Number of shares held	Percentage
	At 14 March 2003		At 31 October 2002	
J W J Moxon	8,795,000	20.7	2,750,000	6.5
Giltspur Nominees	4,616,600	10.9	—	—
Pershing Keen Nominees Limited	4,417,777	10.4	6,342,777	15.0
Sinjul Nominees Limited	3,840,000	9.0	3,840,000	9.0
Capita Trust Company Limited	3,750,000	8.8	3,750,000	8.8
A D Allan	2,000,000	4.7	2,000,000	4.7
A M H Tonks	2,000,000	4.7	2,000,000	4.7
North Castle Street Nominees	—	—	3,750,000	8.8
10i plc	—	—	2,300,000	5.4

Safety, health and environment

The Company is committed to maintaining high standards of safety, health environment protection by conducting itself in a responsible manner to protect people and the environment. In pursuit of this, the Company has established Health and Safety procedures and policies under the control of a manager responsible. Consultants have been appointed to help monitor and train the staff of the Company.

Treasury policy

The Company's treasury policy is one of conservatism approved by the Board. Cash balances are managed as described in note 20. As a matter of policy, the Company does not undertake speculative transactions, which would increase its interest rate exposure.

Directors' Report

Creditor payment policy and practice

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 October 2002, the Company had an average of 45 days purchases outstanding in trade creditors.

Auditors

The auditors, Ernst & Young LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985 at the forthcoming Annual General Meeting.

14 March 2003

Corporate Governance Statement

The Company's shares are traded on the Alternative Investment Market ("AIM") of the London Stock Exchange. The Company is therefore subject to the AIM Admission Rules of the London Stock Exchange and is consequently not required to comply with best practice corporate governance provisions contained within the Combined Code appended to the Listing Rules of the Financial Services Authority.

The board

The Board currently comprises the executive and non-executive directors. Given the current small size of the Company it is not felt appropriate to appoint more than two non-executive directors, namely Leigh Collins and Tony Allan. A minimum of six board meetings are held annually. The Board is responsible for overall strategy, major finance matters and internal financial control. It also monitors executive management in the business through its review of financial, strategic and operational matters. All Directors are subject to retirement by rotation.

Board committees

The Board has established both Audit and Compensation Committees each with defined terms of reference.

An Audit Committee has been established which consists of the non-executive directors. It meets at least twice each year and is responsible for ensuring the financial performance of the Group is properly reported on and monitored, for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal control systems.

A Compensation Committee has been established which consists of the non-executive directors and Geoffrey Smith. It meets at least twice each year and reviews the performance of executive directors and sets the scale and structure of their remuneration having due regard to the interests of the shareholders. The Committee also administers the Share Option Scheme.

Internal control

The Directors are responsible for ensuring the Company maintains a system of internal control to provide them with reasonable assurance regarding the reliability of financial information used within the business and for publication and that the assets are safeguarded. There are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable, but not absolute, assurance with respect to the preparation of financial information and the safeguarding of assets.

The Company, in administering its business, has put in place strict authorisation, approval and control levels within which senior management operates. These controls reflect the Company's organisational structure and business objectives. This control system includes clear lines of accountability and covers all areas of the organisation. The Board has established key procedures which include an appropriate control environment through the definition of the above organisation structure and authority levels, the identification of the major business risks and a budgeting and reporting system with results compared with budget and variance analysis and re-forecasting of projected results.

Going concern

The Directors have reviewed the Group's budgets and forecast with respect to its financial position as at 31 October 2002. After taking into consideration the cash flow implications of these plans, the Directors are satisfied that it is appropriate to produce the accounts on a going concern basis.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 October 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

C G G Smith

C G G Smith
Secretary

14 March 2003

Independent Auditors' Report

To the Members of Bank Restaurant Group plc

We have audited the company's financial statements for the year ended 31 October 2002 which comprise the Profit and Loss Account, Balance Sheet, Statement of Cash Flows and the related notes 1 to 26. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's Statement, Directors' Report and Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the uncertainty over the availability to the Company of sufficient continuing finance, which is dependent on continuing support from the Company's bankers and on the ability of the Company to generate sufficient cash flows to meet the agreed schedule of repayments on its bank loan. The availability of sufficient ongoing finance is fundamental to the ability of the Company to continue as a going concern. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Independent Auditors' Report

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 October 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Becket House
1 Lambeth Palace Road
London SE1 7EU

14 March 2003

Profit and Loss Account

For the year ended 31 October 2002

	Notes	Before exceptional items 2002 £'000	Exceptional items (note 4) 2002 £'000	After exceptional items 2002 £'000	Before exceptional items 2001 £'000	Exceptional items (note 4) 2001 £'000	After exceptional items 2001 £'000
Turnover	2	8,996	—	8,996	9,297	—	9,297
Cost of sales		(7,512)	—	(7,512)	(7,854)	—	(7,854)
Gross profit		1,484	—	1,484	1,443	—	1,443
Administrative expenses		(1,729)	(2,000)	(3,729)	(1,801)	(2,500)	(4,301)
Operating loss	3	(245)	(2,000)	(2,245)	(358)	(2,500)	(2,858)
Interest receivable		—	—	—	15	—	15
Interest payable and similar charges	7	(135)	—	(135)	(170)	—	(170)
Loss on ordinary activities before taxation		(380)	(2,000)	(2,380)	(513)	(2,500)	(3,013)
Tax on loss on ordinary activities	8			—			—
Loss for the financial year				(2,380)			(3,013)
Dividends on equity shares	9			—			—
Loss retained for the financial year				(2,380)			(3,013)
(Loss) per share – basic and diluted	10			(5.60p)			(10.16p)
(Loss) per share – basic and diluted before exceptional items	10	(0.89p)			(1.73p)		

There were no recognised gains and losses other than the loss for the year ended 31 October 2002 of £2,380,000 (2001 £3,013,000).

The comparatives for 2001 relate to the 49 weeks ended 31 October 2001.

Balance Sheet

As at 31 October 2002

	Notes	2002 £'000	2001 £'000
Fixed assets			
Intangible assets	11	597	1,547
Tangible assets	12	5,694	7,207
Investments	13	—	—
		6,291	8,754
Current assets			
Stocks	14	66	89
Debtors	15	186	306
Cash at bank and in hand		—	—
Total current assets		252	395
Creditors: amounts falling due within one year	16	(3,771)	(2,117)
Net current liabilities		(3,519)	(1,722)
Total assets less current liabilities		2,772	7,032
Creditors: *amounts falling due after more than one year*	17	—	(1,880)
		2,772	5,152
Capital and reserves			
Called up share capital	22	425	425
Share premium account	23	7,740	7,740
Profit and loss account	23	(5,393)	(3,013)
Equity shareholders' funds	23	2,772	5,152

C C Delteil
Director

C G G Smith
Director

14 March 2003

Statement of Cash Flows

At 31 October 2002

	Notes	2002 £'000	2001 £'000
Net cash inflow from operating activities	24(a)	605	881
Returns on investments and servicing of finance			
Interest received		—	15
Interest paid		(132)	(166)
Interest element of finance lease rental payments		(3)	(4)
		(135)	(155)
Capital expenditure and financial investement			
Payments to acquire tangible fixed assets		(115)	(99)
Disposal of tangible fixed assets		2	—
		(113)	(99)
Acquisitions and disposals			
Purchase of signature restaurants		—	(10,885)
Net cash acquired with signature restaurants		—	5
		—	(10,880)
Net cash inflow/outflow before financing		357	(10,253)
Financing			
Issue of ordinary share capital		—	8,500
Share issue costs		—	(335)
New long-term loans		—	2,500
Repayments of long-term loans		(125)	(500)
Repayment of capital element of finance leases and hire purchase contracts		(250)	(248)
		(375)	9,917
Decrease in cash	24(c)	(18)	(336)

Notes to the Accounts

For the period ended 31 October 2002

1. Accounting Policies

Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and the historical cost convention. A summary of the more important accounting policies, which have been reviewed by the board of directors in accordance with Financial Reporting Standard ("FRS") 18 "Accounting policies" and have been applied consistently, is set out below.

FRS 19 "Deferred tax" has been adopted during the year. There has been no significant impact on the financial statements for the year under review or the comparative figures.

Basis of preparation

The financial statements have been prepared on the going concern basis. The Company meets its day-to-day working capital requirements through an overdraft facility, which is repayable on demand. The Company was unable to meet the agreed schedule of payments on its floating rate bank loan during 2002 and as a result the loan is now repayable on demand. The Company has agreed a new schedule of capital repayments with its bankers, however, this agreed schedule is due to be reviewed before June 2003 with a view to increasing the loan repayments depending on the Company's performance and cash generation. The ability of the Company to continue to operate as a going concern is dependent on continuing support from its bankers, and on its ability to generate sufficient cash flows to meet the agreed schedule of loan repayments. The directors have prepared projected cash flow information for the seventeen months ending 31 March 2004. On the basis of this cash flow information and the Company's performance in the current year to date, the directors consider that the Company will be able to meet the agreed schedule of loan repayments whilst operating within its available overdraft facilities. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. However, the margin of facilities over requirements is not large and, inherently, there can be no certainty in relation to these matters. The financial statements do not include any adjustments that would result from a withdrawal of facilities by the Company's bankers.

Comparatives

The comparatives for 2001 relate to the 49 weeks ended 31 October 2001.

Group accounts

Group accounts are not prepared by virtue of section 229 (2) of the Companies Act 1985 because the Company's two subsidiary companies are not material and dormant.

Goodwill

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its estimated useful economic life up to a maximum of 10 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less residual value of each asset evenly over its expected useful life as follows:

Plant and equipment	–	over 3 to 15 years
Leasehold building improvements	–	over the shorter of the life of the lease and 25 years

Notes to the Accounts

For the period ended 31 October 2002

1. **Accounting Policies** (continued)

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception that:

> deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts, are capitalised in the balance sheet and depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The Company makes contributions to certain individuals' personal pension plans. Contributions are charged in the profit and loss account as they become payable.

Employee share options

The Company may grant share options to employees and, in accordance with Urgent Issues Task Force Pronouncement Number 17 ('UITF17'), records a non-cash charge to the profit and loss account for the difference between the amount payable by the employee and fair value of the underlying shares on the date of grant. The profit and loss charge is recognised over the period during which the incentive benefits of the option relate to the extent that it is expected that performance criteria will be met.

2. ***Turnover and segmental analysis***

Turnover, which is stated net of value added tax, represents amounts receivable from third parties. All turnover relates to the single activity of operating restaurants in the UK.

3. Operating loss

This is stated after charging:

	2002 £'000	2001 £'000
Auditors' remuneration – audit services	21	20
– non-audit services	5	25
Depreciation of owned assets including exceptional items (note 4)	1,534	330
Depreciation of assets held under finance leases and hire purchase contracts	90	71
Amortisation of intangible fixed assets including exceptional items (note 4)	950	2,650
Operating lease rentals – land and buildings	765	763
– plant and machinery	14	21

4. Administrative expenses – exceptional

The directors have undertaken an impairment review of the three restaurants which has resulted in the following exceptional charges. In addition to the standard goodwill amortisation charge for the year, a further £800,000 (2001 £2,500,000) was written off goodwill during the year in accordance with FRS11. This additional charge has been based on the directors' estimate of the net realisable value at the balance sheet date of goodwill acquired.

In addition to the standard depreciation charge for the year, a further £1,200,000 was written off fixed assets during the year in accordance with FRS 11. This additional charge has been based on the directors' estimate of the net realisable value of fixed assets at the balance sheet date.

5. Directors' emoluments

The total emoluments of the Directors for the period ended 31 October 2002 were £242,000 comprising of Company salaries, benefits and non-executive directors' fees. The emoluments of each director during the period were as follows:

	Basic salary and fees £'000	Benefits £'000	2002 Total £'000	2001 Total £'000
Executive				
C C Delteil	85	12	97	95
A M H Tonks	55	12	67	65
C G G Smith	27	—	27	25
Non-executive				
A D Allan	30	—	30	30
L G Collins	21	—	21	20
	218	24	242	235

C G G Smith's fees were paid to Cinderhall Limited, a company where he is a shareholder and director. C G G Smith is responsible for his social security, life insurance and pension contributions.

Notes to the Accounts

For the period ended 31 October 2002

5. Directors' emoluments (continued)

Details of share options at 31 October 2002 and the date of these financial statements are:

	Notes	At 1 November 2001	Granted in period	At 31 October 2002	Exercise price	Exercisable from	Exercisable to
C C Delteil	1	500,000	—	500,000	4p	19 April 2004	18 April 2011
	2	750,000	—	750,000	20p	23 November 2003	22 November 2010
A H M Tonks	1	500,000	—	500,000	4p	19 April 2004	18 April 2011

1. Options granted under Enterprise Management Incentives scheme dated 19 April 2001.
2. Options granted under Unapproved Scheme dated 23 November 2000.

The mid market price of the Company's ordinary shares of 1p each was between 3½p and 6¼p during the period. At 31 October 2002 the share price was 4p.

6. *Staff costs*

	2002 £'000	2001 £'000
Wages and salaries (including directors)	2,904	3,465
Social security costs	216	267
Other pension costs	2	2
	3,122	3,734

The average monthly number of employees (including directors) during the period was made up as follows:

	2002 No.	2001 No.
Administration	18	17
Restaurant staff	209	246
	227	263

7. Interest payable and similar charges

	2002 £'000	2001 £'000
Bank loans and overdrafts	132	166
Finance charges payable under finance leases and hire purchase contracts	3	4
	135	170

Notes to the Accounts
For the period ended 31 October 2002

8. Tax on loss on ordinary activities

	2002 £'000	2001 £'000
Current tax		
Total current tax	—	—
Deferred tax		
Origination and reversal of timing differences	164	232
Deferred tax asset recognised in respect of tax losses carried forward	(164)	(232)
Total deferred tax	—	—
Tax on profit on ordinary activities	—	—

Factors affecting the tax charge for the period

The tax charge for the year does not equate to the loss for the year at the standard rate of U.K. corporation tax (30%). The differences are explained below:

	2002 £'000	2001 £'000
Loss for the year before taxation	(2,380)	(3,013)
Loss for the year before tax multiplied by the standard rate of U.K. corporation tax 30%	(714)	(904)
Effects of		
Impairment provision not deductible for corporation tax purposes	600	750
Expenses not deductible for corporation tax purposes	53	51
Difference between depreciation and capital allowances	(164)	(232)
Tax losses for the year not relieved	225	335
	—	—

Factors affecting tax charge of future periods

Tax losses available to be carried forward by the Company at 31 October 2002 against future profits are estimated at £1,868,000 (2001 £1,117,000).

9. Dividends

There were no dividends paid or payable in the year.

10. Loss per ordinary share

The calculation of basic loss per ordinary share is based on loss of £2,380,000 (2001 £3,013,000) and on 42,500,000 (2001 29,663,322) ordinary shares. Loss per share before exceptional items excludes the additional impairment of £2,000,000 (2001 £2,500,000). Where there is a loss per share there are no dilutive effects of share options.

Notes to the Accounts
For the period ended 31 October 2002

11. Intangible fixed assets

	Total £'000
Cost:	
At 1 November 2001	4,197
Additions	—
At 31 October 2002	4,197
Amortisation:	
At 1 November 2001	2,650
Provided during the period	950
At 31 October 2002	3,600
Net book value:	
At 31 October 2002	597
At 31 October 2001	1,547

12. Tangible fixed assets

	Leasehold improvements £'000	Plant and equipment £'000	Total £'000
Cost:			
At 1 November 2001	2,830	4,778	7,608
Additions	—	115	115
Disposals		(5)	(5)
At 31 October 2002	2,830	4,888	7,718
Depreciation:			
At 1 November 2001	102	299	401
Provided during the period	922	702	1,624
Disposals	—	(1)	(1)
At 31 October 2002	1,024	1,000	2,024
Net book value:			
At 31 October 2002	1,806	3,888	5,694
At 31 October 2001	2,728	4,589	7,207

Following additional analysis received the opening balances at 1 November 2001 have been reallocated, leasehold improvements reduced to £2,830,000 from £4,129,000 and plant and equipment increased to £4,778,000 from £3,479,000.

The net book value of plant and equipment includes an amount of £615,000 (2001 £881,000) in respect of assets held under finance leases and hire purchase contracts.

13. Investments

Investment in subsidiaries

	Total £'000
Cost at 31 October 2001 and 2002	—

The following are the subsidiaries at the date of these financial statements:

Company	Class of business	Proportion of nominal value	Country of registration	Nature of business
Bank Restaurant (Birmingham) Ltd	Ordinary	100%	England and Wales	Dormant
Proudcrest Ltd	Ordinary	100%	England and Wales	Dormant

14. Stocks

	2002 £'000	2001 £'000
Raw materials and goods for resale	66	89

15. Debtors

	2002 £'000	2001 £'000
Trade debtors	34	140
Prepayments and accrued income	152	166
	186	306

16. Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Bank loans (note 18)	1,875	250
Bank overdrafts	354	336
Finance lease creditors (note 19)	129	249
Trade creditors	816	671
Other taxes and social security costs	184	202
Other creditors	88	12
Accruals and deferred income	325	397
	3,771	2,117

17. Creditors: amounts falling due after more than one year

	2002 £'000	2001 £'000
Bank loans (note 18)	—	1,750
Finance lease creditors (note 19)	—	130
	—	1,880

Bank loans

The Company has entered into an agreement to obtain bank loans and mortgage facilities. These are secured by a fixed and floating charge over the Company's assets. At 31 October 2002 the balance due under these facilities was £1,875,000 (2001 £2,000,000). The loans will bear interest at LIBOR rate plus 3%.

18. Loans

	2002 £'000	2001 £'000
Amounts falling due:		
In one year or less or on demand	1,875	250
Due between one and two years	—	500
In more than two years but not more than five years	—	1,250
	1,875	2,000

19. Obligations under leases and hire purchase contracts

Amounts due under finance leases and hire purchase contracts:

	2002 £'000	2001 £'000
Amount payable:		
Within one year	132	251
In two to five years	—	132
	132	383
Less: finance charges allocated to future periods	(3)	(4)
	129	379

19. Obligations under leases and hire purchase contracts (continued)

Annual commitments under non-cancellable operating leases are as follows:

	Other		Land and buildings	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	14	17	—	—
In over five years	—	—	765	808
	14	17	765	808

20. Derivatives and other financial instruments

The Company's principal financial instruments are bank loans, finance leases and cash.

The financial instruments are principally in place to fund acquisition of fixed assets. The group has other financial instruments such as trade debtors and trade creditors that arise directly from its operations. As permitted by FRS 13 short-term debtors and creditors have been excluded from the disclosure of financial liabilities and financial assets.

The group has not entered into any derivative transactions such as interest rate swaps or financial foreign currency contracts. In view of the low level of foreign currency transactions, the board does not consider that there are significant risks in respect of this. All financial assets and liabilities are denominated in £ sterling. The main risk area is in respect of any change in interest rates on the floating rate loans, which the board will continue to monitor.

Interest rate risk profile of financial liabilities

The interest rate profile of the financial liabilities of the group as at 31 October was as follows:

	Total £'000	Fixed rate financial liability £'000	Floating rate financial liability £'000
Bank loan	1,875	—	1,875
Finance leases	129	129	—
	2,004	129	1,875

The average interest on the fixed rate financial liability is 9.5% for the finance leases. The bank loan attracts interest at a rate of 3% over LIBOR rate.

The maturity profile of the group's financial liabilities is set out in notes 18 and 19.

The Company has undrawn committed facilities, expiring within one year of 31 October 2002, in respect of which all conditions precedent has been met amounting to £153,000 (2001 £164,000).

The fair value of the financial liabilities is not considered materially different from book value.

Notes to the Accounts
For the period ended 31 October 2002

21. Provisions for liabilities and charges

The movements in deferred taxation during the current and previous years are as follows:-

	2002 £'000	2001 £'000
At 1 November 2001	—	—
(Credit)/Charge for the period	—	—
At 31 October 2002	—	—

Deferred taxation not provided in the accounts is as follows:

	2002 £'000	2001 £'000
Trading losses	(164)	(103)

22. Share capital

	Issued allotted and fully paid		Authorised	
	Number	£'000	Number	£'000
Ordinary shares of 1p each				
At 1 November 2001 and 31 October 2002	42,500,000	425	100,000,000	1,000

Share Options and Warrants

Share Options

At 31 October 2002 there were options over 2,528,864 (2001 1,750,000) ordinary shares of 1p each which are exercisable at prices in the range from 4p to 20p under the Company's various share option schemes. Options outstanding under the scheme are held by 15 employees of the Company and are exercisable at various times up to 22 November 2011.

Warrants

At 31 October 2002 in the event of full exercise of warrant the Company would be required to issue a further 1,062,500 (2001 1,062,500) shares. Each warrant entitles the holder to subscribe for one ordinary share at a subscription price of 20p and may be exercised at any time up to and including 23 November 2007.

Notes to the Accounts

For the period ended 31 October 2002

23. Reconciliation of shareholders' funds and movement on reserves

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 November 2001	425	7,740	(3,013)	5,152
Loss for the year	—	—	(2,380)	(2,380)
At 31 October 2002	425	7,740	(5,393)	2,772

24. Notes to the statement of cash flows

(a) Reconciliation of operating loss to net cash inflow from operating activities

	2002 £'000	2001 £'000
Operating loss	(2,245)	(2,858)
Depreciation charge	1,624	401
Amortisation charge	950	2,650
Loss on disposal of fixed assets	2	—
Decrease in stocks	23	31
Decrease/(Increase) in debtors	120	(167)
Increase in creditors	131	824
	605	881

(b) Analysis of net debt

	At 1 November 2001 £'000	Cash flow £'000	Other non-cash movements £'000	At 31 October 2002 £'000
Bank overdrafts	(336)	(18)	—	(354)
Bank loans (within one year)	(250)	125	(1,750)	(1,875)
Bank loans (due after one year)	(1,750)	—	1,750	—
Finance leases	(379)	250	—	(129)
Net debt	(2,715)	357	—	(2,358)

24. Notes to the statement of cash flows (continued)

(c) Reconciliation of net cash flow to movement in net debt

	2002 £'000	2001 £'000
Decrease in cash	(18)	(336)
Cash inflow from increase in loans	—	(2,500)
Repayment of long-term loans	125	500
Repayments of capital element of finance leases and hire purchase contracts	250	248
Finance leases acquired with signature restaurants	—	(627)
Movement in Net debt at 31 October 2002	357	(2,715)

25. Contingent liabilities

As stated in last year's financial statements, the accounts at completion for the purchase of the three signature restaurants had not been finalised. The directors have taken legal advice and are advised that there are claims in regard to the payment of hire purchase liabilities. Pending the resolution of these claims full provision has been made for the payment of the hire *purchase liabilities within these Financial Statements.*

26. Directors' interests in transactions and related parties transactions

During the period, the company purchased goods to the value of £301,000 (2001 £439,000), in the normal course of business from Fish! plc, a company in which A D Allan, C C Delteil and C G G Smith are shareholders or directors. The price charged was the normal market price in the case of each individual purchase. Administrators were appointed to Fish plc on 3 July 2002 and at the balance sheet date the amount due to the administrations of Fish plc was £nil.

During the period, the company purchased goods to the value of £38,000 (2001 £78,000), in the normal course of business from QuadraNet plc, a company in which A D Allan, C C Delteil and C G G Smith are shareholders or directors. The price charged was the normal market price in the case of each individual purchase. Administrators were appointed to QuadraNet plc on 26 July 2002 and at the balance sheet date the amount due to the administrators was £14,000 (2001 £nil).

During the period, the company purchased services to the value of £27,000 (2001 £25,000) in the normal course of business and at normal market prices from Cinderhall Limited, a company in which C G G Smith is a shareholder and director. At the balance sheet date the amount due to Cinderhall Limited was £nil.

Notice of Annual General Meeting

Notice is hereby given that the Adjourned General Meeting of the Company will be held at the premises of Bank Westminster at 45 Buckingham Gate, London SW1E 6BS at 11.00 am on 13 May 2003 for the following purposes:

Ordinary business

1. To receive the Company's annual accounts for the period ended 31 October 2002, the Directors' report and the Auditors' report on those accounts.
2. To reappoint Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.
3. To re-elect as a Director Mr. Christian Delteil who is retiring by rotation.
4. To consider the following resolution which will be proposed as an ordinary resolution:

   "THAT, in substitution for all existing authorities, the directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £141,667 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) 15 months after the date of the passing of this resolution or at the conclusion of the next annual general meting of the Company following the passing of this resolution, whichever first occurs save that the Company may before the expiry of the authority granted by this resolution make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the directors may allot relevant securities in pursuance of that offer or agreement

Special business

5. To consider the following resolution which will be proposed as a special resolution:

   "THAT, in substitution for all existing authorities and subject to the passing of resolution 4, the directors be generally empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) pursuant to the authority conferred by resolution 4 as if section 89(1) of the Act did not apply to the allotment. This power:

   (A) expires 15 months after the date of the passing of this resolution or at the conclusion of the next annual general meeting of the Company following the passing of this resolution whichever first occurs, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this authority and the directors may allot equity securities in pursuance of that offer or agreement; and

   (B) is limited to:

   (i) allotments of equity securities where such securities are first offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares in the capital of the Company in proportion (as nearly as may be) to their existing holdings of ordinary shares but subject to the directors having a right to make such exclusions or other arrangements in connection with the offering as they deem necessary or expedient:

   (a) to deal with equity securities representing fractional entitlements; and

   (b) to deal with legal or practical problems under the laws of any territory, or the requirements of a regulatory body; or otherwise; and

   (ii) allotments of equity securities for cash otherwise than pursuant to paragraph (i) above up to an aggregate nominal amount of £85,000."

Notice of Annual General Meeting

By order of the board

Mr C G G Smith
Company Secretary

14 March 2003

Registered office:
Imperial House
15 - 19 Kingsway
London
WC2B 6UN

NOTES:

1. This notice is the formal notification to shareholders of the Company's Adjourned Annual General meeting, its date, time and the matters to be considered. If you are in doubt as to what action to take you should consult an independent advisor.
2. Pursuant to regulation 34 of the Uncertified Securities Regulations 1986 only those shareholders registered in the register of members of the Company as at 2.00 pm on 12 May 2003 as holders of ordinary shares of 0.01 pounds in the capital of the Company shall be entitled to attend or vote at a meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 2.01 pm on 12 May 2003 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
3. A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company. Proxy forms must be in the hands of the registrars at least forty-eight before the meeting.
4. Any change of address should be notified promptly to the registrars.
5. The following documents will be available at the registered office of the Company during usual business hours on each weekday (Saturdays and public holidays expected) from the date of this notice until the date of the meeting and for at least fifteen minutes prior to the meeting and during the meeting:
   - (i) the register of Directors' interests; and
   - (ii) copies of Directors' service contracts with the Company and wish any of its subsidiary undertakings